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SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW  
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR  
WILLIAM ZARIT  
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A  
TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)  
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION:  
HK KOON YUE INDUSTRIAL

REF: A) USDOC 03923

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment-verification at HK Koon Yue Industrial, 9/F May Gar Commercial Building, 288 Reclamation Street, Yau Ma Tei, Kowloon, Hong Kong (Koon Yue). The item in question is an Agilent gas chromatograph exported to Koon Yue on or about April 3, 2007 and valued at USD 17,452. On the applicable shippers export declaration (SED), the item is classified as 3A999. Items properly classified as 3A999 may be exported/reexported to virtually all destinations and end-users worldwide, license free, except for certain designated state sponsors of terrorism (including North Korea). The exporter was Agilent Technologies Inc. of New Castle, Delaware.

¶3. According to the Hong Kong Inland Revenue Department Business Registration Office, Koon Yue has been in existence since 1992. It is a sole proprietorship (and is therefore not listed in the Hong Kong Companies Registry) and its owner is listed as Hong Kong identity card holder, Ching Wing Chau. The Hong Kong Trade and Development Council lists the company's areas of business as including trading and manufacturing of electronic/electrical components and accessories.

¶4. On June 7, 2007, the ECO met with Mr. Victor Chau, Director. ECO had been attempting to schedule a meeting with Mr. Chau for some time but according to his assistant, Mr. Chau had been unavailable as he was traveling in mainland China. Mr. Chau stated that Koon Yue is a trading company but also does its own production of various electronic parts and components in Shenzhen, mainland China. It was apparent to ECO that no production occurs at Koon Yue's location in Hong Kong.

¶5. As to the specific item in question, Mr. Wong provided copies of the relevant shipping documents showing that the item had been received in Hong

Kong and was subsequently shipped to mainland China. The purchaser on the applicable documentation was listed as Shanghai Weiye Import Export Company. Mr. Wong did not know the name of the end user of the item. He noted that his buyers are often unwilling to disclose the end user as they are concerned that he may approach their customer directly. During the meeting, Mr. Wong offered to call his customer to obtain information about the end user. After talking on the phone, apparently with a representative of Shanghai Weiye Import Export Company, Mr. Wong stated that the name of the buyer of the item is Shanghai Yinming Industrial Company Limited. That name did not appear on the shipping and ordering documentation Mr. Wong provided to ECO (neither did Shanghai Weiye Import Export Company). When asked by the ECO why the transaction was routed through Hong Kong, Mr. Wong stated that such route was advantageous from a mainland China tax perspective.

¶6. At the time visited, Koon Yue appeared to be a suitable recipient of the commodities shipped (as reseller) since Koon Yue cooperated with the PSV and provided all requested information concerning the final disposition of the applicable items. At the same time, the ECO was not able to inspect the subject items as they had already been delivered to Koon Yue's customer. Consistent with guidance on reporting of PSVs where the items cannot be physically inspected, the ECO recommends that this PSV be classified as Limited.

Cunningham